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Raily Aesthetic Medicine International Holdings Limited

瑞麗醫美國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2135)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

The board (the “**Board**”) of directors (the “**Directors**”) of Raily Aesthetic Medicine International Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2025 (the “**Year**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2025

| | <i>Notes</i> | 2025 RMB'000 | 2024 <i>RMB'000</i> |
|--|--------------|-------------------------------|------------------------|
| REVENUE | 3 | 189,411 | 199,342 |
| Cost of sales | | <u>(111,700)</u> | <u>(127,935)</u> |
| Gross profit | | 77,711 | 71,407 |
| Other income and gains | 3 | 2,283 | 20,266 |
| Selling and distribution expenses | | (37,828) | (47,659) |
| Administrative expenses | | (31,273) | (41,810) |
| Impairment losses on financial assets | | (1,360) | (93) |
| Other expenses | | (4,099) | (63,769) |
| Research and development expenses | | (2,070) | (717) |
| Finance costs | 5 | (2,748) | (2,806) |
| Share of losses of: | | | |
| Associates | | (593) | (4) |
| A joint venture | | (13) | (72) |
| PROFIT/(LOSS) BEFORE TAX | 4 | 10 | (65,257) |
| Income tax (expense)/credit | 6 | <u>(2,207)</u> | <u>1,994</u> |
| LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR | | <u>(2,197)</u> | <u>(63,263)</u> |
| Attributable to: | | | |
| Owners of the parent | | 1,873 | (59,212) |
| Non-controlling interests | | (4,070) | (4,051) |
| | | <u>(2,197)</u> | <u>(63,263)</u> |
| EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT | 8 | | |
| Basic and diluted | | | |
| Profit/(loss) for the year (<i>RMB</i>) | | <u>0.34 cents</u> | <u>(11.11) cents</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*31 December 2025*

| | <i>Notes</i> | 2025 RMB'000 | 2024 <i>RMB'000</i> |
|---|--------------|-------------------------------|------------------------|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | 34,569 | 45,951 |
| Right-of-use assets | | 33,639 | 32,365 |
| Goodwill | | 6,150 | 6,150 |
| Other intangible assets | | 40,498 | 43,906 |
| Investment in a joint venture | | 415 | 428 |
| Investment in associates | | 596 | 702 |
| Deferred tax assets | | 9,975 | 9,998 |
| Pledged deposits | | 1,526 | 1,504 |
| Other non-current assets | | 13,736 | 18,485 |
| Total non-current assets | | 141,104 | 159,489 |
| CURRENT ASSETS | | | |
| Inventories and supplies | | 7,083 | 14,370 |
| Trade receivables | <i>9</i> | 2,222 | 1,538 |
| Prepayments, other receivables and other current assets | | 29,449 | 45,656 |
| Cash and bank balances | | 57,793 | 28,870 |
| Total current assets | | 96,547 | 90,434 |
| CURRENT LIABILITIES | | | |
| Trade payables | <i>10</i> | 6,586 | 7,779 |
| Other payables and accruals | | 25,903 | 35,515 |
| Interest-bearing bank and other borrowings | | 21,471 | 17,282 |
| Contract liabilities | | 34,932 | 38,829 |
| Refund liabilities | | 1,291 | 2,302 |
| Lease liabilities | | 27,693 | 12,225 |
| Tax payable | | 7,879 | 9,656 |
| Total current liabilities | | 125,755 | 123,588 |
| NET CURRENT LIABILITIES | | (29,208) | (33,154) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 111,896 | 126,335 |

| | 2025 | 2024 |
|--|-----------------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| NON-CURRENT LIABILITIES | | |
| Lease liabilities | 9,990 | 23,389 |
| Other non-current liabilities | 3,648 | 3,957 |
| Interest-bearing bank and other borrowings | – | 3,471 |
| | <hr/> | <hr/> |
| Total non-current liabilities | 13,638 | 30,817 |
| | <hr/> | <hr/> |
| Net assets | 98,258 | 95,518 |
| | <hr/> <hr/> | <hr/> <hr/> |
| EQUITY | | |
| Equity attributable to owners of the parent | | |
| Share capital | 185,748 | 185,748 |
| Deficits | (77,918) | (81,614) |
| | <hr/> | <hr/> |
| | 107,830 | 104,134 |
| Non-controlling interests | (9,572) | (8,616) |
| | <hr/> | <hr/> |
| Total equity | 98,258 | 95,518 |
| | <hr/> <hr/> | <hr/> <hr/> |

NOTES TO FINANCIAL STATEMENTS

31 December 2025

1.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards (“**IASs**”) and Interpretations) as issued by the International Accounting Standards Board (the “**IASB**”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

The Group had net current liabilities of RMB29,208,000 as at 31 December 2025. Having taken into account the unused banking facilities amounting to RMB8,000,000 as at 31 December 2025 and the expected cash flows from operating activities, the Directors consider that it is appropriate to prepare the financial statements on a going concern basis.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted amendments to IAS 21 *Lack of Exchangeability* for the first time for the current year’s financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries, joint ventures and associates for translation into the Group’s presentation currency were exchangeable, the amendments did not have any impact on the Group’s financial statements.

In addition, the IASB has issued amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37 *Disclosures about Uncertainties in the Financial Statements*, which added illustrative examples in the corresponding IFRS Accounting Standards. These examples reflect existing requirements in the corresponding IFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions. The amendments are not expected to have any significant impact on the Group’s financial statements.

1.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

| | |
|---|---|
| IFRS 18 | <i>Presentation and Disclosure in Financial Statements</i> ² |
| IFRS 19 and its amendments | <i>Subsidiaries without Public Accountability: Disclosures</i> ² |
| Amendments to IFRS 9 and IFRS 7 | <i>Amendments to the Classification and Measurement of Financial Instruments</i> ¹ |
| Amendments to IFRS 9 and IFRS 7 | <i>Contracts Referencing Nature-dependent Electricity</i> ¹ |
| Amendments to IFRS 10 and IAS 28 | <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³ |
| <i>Amendments to IAS 21</i> | <i>Translation to a Hyperinflationary Presentation Currency</i> ² |
| <i>Annual Improvements to IFRS Accounting Standards – Volume 11</i> | <i>Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7</i> ¹ |

¹ Effective for annual periods beginning on or after 1 January 2026

² Effective for annual/reporting periods beginning on or after 1 January 2027

³ No mandatory effective date yet determined but available for adoption

Further information about those IFRS Accounting Standards that are expected to be applicable to the Group is described below.

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRS Accounting Standards. IFRS 19 was amended in April 2025 to include IFRS Accounting Standards in the eligibility criteria for applying the standard. The standard was further amended in October 2025 to (i) remove disclosure objectives from IFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to IFRS 18 for entities that use these measures. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19 and its amendments.

Amendments to IFRS 9 and IFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 9 and IFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of the initial application. Earlier application is permitted. The amendments to IFRS 9 and IFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 21 *Translation to a Hyperinflationary Presentation Currency* require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of IAS 29 *Financial Reporting in Hyperinflationary Economies*, to the foreign operation's comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to IFRS Accounting Standards – Volume 11 set out amendments to IFRS 1, IFRS 7 (and the accompanying *Guidance on implementing IFRS 7*), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 7 *Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance*

on implementing IFRS 7 does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- *IFRS 9 Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in IFRS 16 and an extinguishment of a lease liability in accordance with IFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *IFRS 10 Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *IAS 7 Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and has three reportable operating segments as follows:

- Aesthetic medical services comprise principally inpatient services including surgical services and outpatient services including injection service, dermatology service and others.
- Aesthetic medical equipment products comprise principally sales of collagen injection products, surgical implants and aesthetic medical skincare products.
- Consulting services comprise principally management consulting services.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment operating profit which is calculated based on gross profit less selling and marketing expenses and general and administrative expenses allocated excluding other income and gains, corporate and unallocated expenses, and finance costs (other than interest on lease liabilities).

Segment assets exclude deferred tax assets, pledged deposits, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude contingent consideration, interest-bearing bank borrowings (other than lease liabilities), an amount due to an independent director, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

| For the year ended 31 December 2025 | Aesthetic medical services <i>RMB'000</i> | Aesthetic medical equipment products <i>RMB'000</i> | Consulting services <i>RMB'000</i> | Total <i>RMB'000</i> |
|---|--|---|--|-------------------------|
| Segment revenue (note 3): | | | | |
| Sales to external customers | 152,909 | 32,832 | 3,670 | 189,411 |
| Intersegment sales | – | 6,427 | – | 6,427 |
| | <u>152,909</u> | <u>39,259</u> | <u>3,670</u> | <u>195,838</u> |
| <i>Reconciliation:</i> | | | | |
| Elimination of intersegment sales | | | | <u>(6,427)</u> |
| Revenue from continuing operations | | | | <u><u>189,411</u></u> |
| Segment results | 2,761 | 16,365 | (544) | 18,582 |
| <i>Reconciliation:</i> | | | | |
| Elimination of intersegment results | | | | (10) |
| Other expenses | | | | (19) |
| Corporate and unallocated expenses | | | | (17,451) |
| Finance costs (other than interest on lease liabilities) | | | | <u>(1,092)</u> |
| Profit before income tax | | | | <u><u>10</u></u> |
| Segment assets | 49,337 | 65,569 | 3,124 | 118,030 |
| <i>Reconciliation:</i> | | | | |
| Corporate and other unallocated assets | | | | <u>119,621</u> |
| Total assets | | | | <u><u>237,651</u></u> |
| Segment liabilities | 74,060 | 3,866 | 472 | 78,398 |
| <i>Reconciliation:</i> | | | | |
| Corporate and other unallocated liabilities | | | | <u>60,995</u> |
| Total liabilities | | | | <u><u>139,393</u></u> |
| Other segment information: | | | | |
| Share of losses of associates | (486) | (107) | – | (593) |
| Impairment losses recognised in profit or loss, net | 1,949 | 1,238 | 127 | 3,314 |
| Depreciation and amortisation | 17,772 | 3,978 | 761 | 22,511 |
| Capital expenditure* | <u>2,416</u> | <u>9,682</u> | <u>–</u> | <u>12,098</u> |

* *Capital expenditure consists of additions to property, plant and equipment, other non-current assets and intangible assets.*

| For the year ended 31 December 2024 | Aesthetic medical services <i>RMB'000</i> | Aesthetic medical equipment products <i>RMB'000</i> | Consulting services <i>RMB'000</i> | Total <i>RMB'000</i> |
|---|--|---|--|-------------------------|
| Segment revenue (note 3): | | | | |
| Sales to external customers | 142,097 | 57,216 | 29 | 199,342 |
| Intersegment sales | – | 1,866 | – | 1,866 |
| | <u>142,097</u> | <u>59,082</u> | <u>29</u> | <u>201,208</u> |
| <i>Reconciliation:</i> | | | | |
| Elimination of intersegment sales | | | | <u>(1,866)</u> |
| Revenue from continuing operations | | | | <u>199,342</u> |
| Segment results | (19,015) | (16,569) | (1,288) | (36,872) |
| <i>Reconciliation:</i> | | | | |
| Elimination of intersegment results | | | | (346) |
| Other income and gains | | | | (1,657) |
| Corporate and unallocated expenses | | | | (25,798) |
| Finance costs (other than interest on lease liabilities) | | | | <u>(584)</u> |
| Loss before income tax | | | | <u>(65,257)</u> |
| Segment assets | 80,270 | 76,337 | 8,850 | 165,457 |
| <i>Reconciliation:</i> | | | | |
| Corporate and other unallocated assets | | | | <u>84,466</u> |
| Total assets | | | | <u>249,923</u> |
| Segment liabilities | 91,427 | 18,723 | 1,026 | 111,176 |
| <i>Reconciliation:</i> | | | | |
| Corporate and other unallocated liabilities | | | | <u>43,229</u> |
| Total liabilities | | | | <u>154,405</u> |
| Other segment information: | | | | |
| Share of losses of an associate | – | (4) | – | (4) |
| Impairment losses recognised in profit or loss, net | – | 60,404 | 15 | 60,419 |
| Depreciation and amortisation | 23,128 | 5,030 | – | 28,158 |
| Capital expenditure* | <u>7,694</u> | <u>35,956</u> | <u>–</u> | <u>43,650</u> |

* *Capital expenditure consists of additions to property, plant and equipment, other non-current assets and intangible assets.*

3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|--|------------------------|------------------------|
| <i>Revenue from contracts with customers</i> | | |
| Aesthetic medical services | 152,909 | 142,097 |
| Aesthetic medical equipment products | 32,832 | 57,216 |
| Consulting services | 3,670 | 29 |
| | <u>189,411</u> | <u>199,342</u> |

Disaggregated revenue information

For the year ended 31 December 2025

| Segments | Aesthetic medical services <i>RMB'000</i> | Aesthetic medical equipment products <i>RMB'000</i> | Consulting services <i>RMB'000</i> | Total <i>RMB'000</i> |
|---|--|---|--|-------------------------|
| Types of goods or services | | | | |
| Sale of products | – | 32,832 | – | 32,832 |
| Services | 152,909 | – | 3,670 | 156,579 |
| | <u>152,909</u> | <u>32,832</u> | <u>3,670</u> | <u>189,411</u> |
| Total | <u>152,909</u> | <u>32,832</u> | <u>3,670</u> | <u>189,411</u> |
| Geographical market | | | | |
| Chinese Mainland | <u>152,909</u> | <u>32,832</u> | <u>3,670</u> | <u>189,411</u> |
| Timing of revenue recognition | | | | |
| Goods transferred at a point in time | – | 32,832 | – | 32,832 |
| Services transferred at a point in time | 91,032 | – | – | 91,032 |
| Services transferred over time | 61,877 | – | 3,670 | 65,547 |
| | <u>152,909</u> | <u>32,832</u> | <u>3,670</u> | <u>189,411</u> |
| Total | <u>152,909</u> | <u>32,832</u> | <u>3,670</u> | <u>189,411</u> |

For the year ended 31 December 2024

| Segments | Aesthetic medical services <i>RMB'000</i> | Aesthetic medical equipment products <i>RMB'000</i> | Consulting services <i>RMB'000</i> | Total <i>RMB'000</i> |
|---|--|---|--|-------------------------|
| Types of goods or services | | | | |
| Sale of products | – | 57,216 | – | 57,216 |
| Services | 142,097 | – | 29 | 142,126 |
| Total | 142,097 | 57,216 | 29 | 199,342 |
| Geographical market | | | | |
| Chinese Mainland | 142,097 | 57,216 | 29 | 199,342 |
| Timing of revenue recognition | | | | |
| Goods transferred at a point in time | – | 57,216 | – | 57,216 |
| Services transferred at a point in time | 95,223 | – | – | 95,223 |
| Services transferred over time | 46,874 | – | 29 | 46,903 |
| Total | 142,097 | 57,216 | 29 | 199,342 |

An analysis of other income and gains is as follows:

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|--|------------------------|------------------------|
| Other income | | |
| Interest income | 445 | 348 |
| Investment income | 151 | 47 |
| Government subsidies | 69 | 107 |
| Others | 450 | 540 |
| | 1,115 | 1,042 |
| Gains | | |
| Gain on write-off of payables | 758 | – |
| Gain on disposal of right-of-use assets | 252 | – |
| Fair value gains on contingent consideration | – | 18,436 |
| Gain on sublease | – | 490 |
| Gain on revision of lease terms | – | 189 |
| Loss on disposal of subsidiaries | – | 68 |
| Gain on derecognition of financial liabilities measured at amortised cost | – | 6 |
| Others | 158 | 35 |
| | 1,168 | 19,224 |
| | 2,283 | 20,266 |

4. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

| | <i>Notes</i> | 2025 RMB'000 | 2024 <i>RMB'000</i> |
|--|--------------|-------------------------------|------------------------|
| Cost of supplies consumed | | 61,290 | 65,611 |
| Cost of inventories and supplies sold | | 10,983 | 19,447 |
| Amortisation of intangible assets | | 3,415 | 5,129 |
| Depreciation of property, plant and equipment | | 10,437 | 12,279 |
| Depreciation of right-of-use assets | | 8,659 | 10,750 |
| Research and development costs | | 2,070 | 717 |
| Lease payments not included in the measurement of lease liabilities | | 698 | 487 |
| Auditor's remuneration | | 2,350 | 2,359 |
| Employee benefit expense (excluding Directors' and chief executive's remuneration): | | | |
| Wages and salaries | | 49,686 | 50,128 |
| Equity-settled share option expenses | | 1,704 | 7,299 |
| Pension scheme contributions | | 6,163 | 5,852 |
| Staff welfare expenses | | 935 | 811 |
| Impairment of trade receivables, net | 9 | 239 | 2 |
| Impairment of financial assets included in prepayments, other receivables and other assets | | 1,121 | 91 |
| Impairment of goodwill | | – | 38,672 |
| Impairment of property plant and equipment | | 1,357 | – |
| Provision for impairment of investment in an associate | | 597 | – |
| Loss on disposal of items of property, plant and equipment | | 362 | 493 |
| Gain on sublease | | – | (490) |
| Gain on revision of lease terms | | – | (189) |
| Gain on disposal of right-of-use assets | | (150) | – |
| Promotion and marketing expenses | | 10,488 | 11,625 |
| Professional fee | | 2,756 | 4,029 |
| Foreign exchange differences, net | | 277 | 276 |
| Fair value gains on contingent consideration | | – | (18,436) |
| Impairment of intangible asset | | – | 21,703 |
| Loss on disposal of subsidiaries | | 971 | 740 |
| | | 971 | 740 |

5. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

| | 2025 RMB'000 | 2024 <i>RMB'000</i> |
|-------------------------------|-------------------------------|------------------------|
| Interest on lease liabilities | 1,656 | 2,222 |
| Interest on bank borrowings | 1,092 | 584 |
| | 2,748 | 2,806 |

6. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|--|------------------------|------------------------|
| Current tax | | |
| Charge for the year | 2,396 | 4,483 |
| Overprovision in prior years | (212) | – |
| Deferred | 23 | (6,477) |
| | <u>2,207</u> | <u>(1,994)</u> |
| Total tax charge/(credit) for the year | <u>2,207</u> | <u>(1,994)</u> |

The majority of the Company's subsidiaries are domiciled and operate in Chinese Mainland. A reconciliation of the tax expenses applicable to profit/(loss) before tax at the statutory rate for Chinese Mainland to the tax charge/(credit) at the Group's effective tax rate is as follows:

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|--|------------------------|------------------------|
| Profit/(loss) before tax | <u>10</u> | <u>(65,257)</u> |
| Tax at the People's Republic of China ("PRC") statutory income tax rate* | 3 | (16,314) |
| Effect of different tax rates of subsidiaries** | (335) | (284) |
| Adjustments in respect of current tax of previous periods | (212) | – |
| Losses attributable to an associate and a joint venture | 151 | (6) |
| Expenses not deductible for tax | 909 | 9,157 |
| Deductible temporary differences and tax losses not recognised | 1,691 | 5,453 |
| | <u>2,207</u> | <u>(1,994)</u> |

* The provision for current income tax in Chinese Mainland is based on the statutory rate of 25% of the assessable profit of the Group as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008.

** Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI. The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 16.5% on any estimated assessable profits arising in Hong Kong. Pursuant to Caishui 2017 Circular No. 43, 2019 Circular No. 13, 2021 Circular No. 12 and 2022 Announcement No. 13 of the State Taxation Administration, Ruian Raily Aesthetic Medical Out-patient Department Co., Ltd. ("**Ruian Raily**"), Wuhu Raily Aesthetic Medical Out-patient Department Co., Ltd. ("**Wuhu Raily**"), Ningbo Zhuerli Beauty Consulting Service Co., Ltd., Shenzhen Ruiquan Management Consulting Co., Ltd. ("**Shenzhen Ruiquan**"), Hangzhou Ruiyan Network Technology Co., Ltd., and Wuhu Raily Medical Equipment Trade Co., Ltd., as small micro-enterprises, enjoyed preferential tax rate of 5% (2024: 5%) for the year ended 31 December 2025.

Pillar Two income taxes

The Group is within the scope of the Pillar Two model rules published by the Organization for Economic Co-operation and Development. While Hong Kong is in the process of seeking consultation on the implementation of the global minimum tax and domestic minimum top-up tax, it is expected that the new regime will come into effect for the Group's financial year beginning on 1 January 2025. Of the jurisdictions in which the Group operates, Chinese Mainland has not yet formally adopted the domestic legislation of the Pillar Two model rules, but relevant departments (such as the Ministry of Finance and the State Taxation Administration) are studying how to incorporate the Pillar Two model rules into the domestic tax system. The Group has undertaken a preliminary assessment of the Pillar Two tax implications for the jurisdictions in which the Group operates and have enacted Pillar Two legislation. Based on the preliminary assessment and current financials, the Group does not expect to have any material Pillar Two exposure (including current tax) arising in these jurisdictions during the twelve months ended 31 December 2025. The Group has also applied the Amendments to IAS 12, "International Tax Reform – Pillar Two Model Rules", temporary mandatory exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

7. DIVIDENDS

No dividend was paid or declared by the Company for the year ended 31 December 2025.

8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings/(loss) per share amounts is based on the profit/(loss) for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 557,077,333 (2024: 532,837,181) outstanding during the year.

The calculation of basic earnings/(loss) per share is based on:

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|--|------------------------|------------------------|
| Earnings/(loss) | | |
| Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic loss per share calculation | <u>1,873</u> | <u>(59,212)</u> |
| Shares | | |
| Weighted average number of ordinary shares outstanding during the year used in the basic loss per share calculation | <u>557,077,333</u> | <u>532,837,181</u> |
| Basic and diluted | | |
| Profit/(loss) for the year (<i>RMB</i>) | <u>0.34 cents</u> | <u>(11.11) cents</u> |

Because the diluted earnings/(loss) per share amount is increased/decreased when taking share options into account, the share options had an anti-dilutive effect on the basic earnings/(loss) per share for the year ended 31 December 2025 and were ignored in the calculation of diluted earnings/(loss) per share.

9. TRADE RECEIVABLES

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|-------------------|-------------------------------|------------------------|
| Trade receivables | 2,471 | 1,548 |
| Impairment | (249) | (10) |
| | <u>2,222</u> | <u>1,538</u> |

The Group seeks to maintain strict control over its outstanding receivables to minimise the credit risk. Overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|-----------------|-------------------------------|------------------------|
| Within 3 months | 2,222 | 1,537 |
| Over 3 months | – | 1 |
| | <u>2,222</u> | <u>1,538</u> |

The movements in the loss allowance for impairment of trade receivables are as follows:

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|--------------------------|-------------------------------|------------------------|
| At beginning of year | 10 | 65 |
| Impairment losses, net | 239 | 2 |
| Disposal of subsidiaries | – | (57) |
| | <u>249</u> | <u>10</u> |

10. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|-----------------|-------------------------------|------------------------|
| Within 90 days | 5,022 | 7,062 |
| 91 to 180 days | 751 | 636 |
| 181 to 365 days | 425 | 58 |
| Over 365 days | 388 | 23 |
| | <hr/> 6,586 <hr/> | <hr/> 7,779 <hr/> |

Trade payables are non-interest-bearing and are normally settled on 90-day terms.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

We are an aesthetic medical service provider in the Yangtze River Delta region of the PRC. We offer our customers a broad range of aesthetic medical services which include aesthetic surgery services, minimally-invasive aesthetic services and aesthetic dermatology services. As of 31 December 2025, in addition to providing aesthetic medical services, we also engaged in aesthetic medical management consulting services and the sales of aesthetic medical equipment products, and invested in the research and development (the “R&D”) and production of aesthetic medical equipment products. This positions us across the upstream, midstream and downstream sectors of the aesthetic medical industry.

Driven by multiple dimensions, including the economy, demographics, technology, policy and socio-cultural factors, the aesthetic medical industry continues its growth momentum at present. Despite fierce competition and multifaceted challenges, the industry remains rich in opportunities and is advancing towards a more mature, regulated and technology-enabled stage of high-quality development. In 2025, through the efforts of all parties and thanks to effective improvements in sales strategies, the Group’s revenue from aesthetic medical services increased; however, revenue from the sales of aesthetic medical equipment products declined due to the time required for promoting new products.

The following table sets forth the comparison of our revenue in 2024 and 2025:

| | 2025 | | | 2024 | | |
|---|------------------------------|-------------------------------|------------------|------------------------------|-------------------------------|------------------|
| | the first half RMB’000 | the second half RMB’000 | Total RMB’000 | the first half RMB’000 | the second half RMB’000 | Total RMB’000 |
| Aesthetic medical services | 74,937 | 77,972 | 152,909 | 83,026 | 59,071 | 142,097 |
| Sales of aesthetic medical equipment products | 9,359 | 23,473 | 32,832 | 34,420 | 22,796 | 57,216 |
| Aesthetic medical management consulting services | 302 | 3,368 | 3,670 | 29 | – | 29 |
| Total | <u>84,598</u> | <u>104,813</u> | <u>189,411</u> | <u>117,475</u> | <u>81,867</u> | <u>199,342</u> |

For the Year, the Company recorded a net profit attributable to shareholders of the Company (the “Shareholders”) of approximately RMB1.9 million (2024: a net loss attributable to Shareholders of approximately RMB59.2 million), marking a turnaround from a loss to a profit. Our basic and diluted earnings per share attributable to ordinary equity holders of the parent was approximately RMB0.34 cents (2024: loss per share attributable to ordinary equity holders of the parent of approximately RMB11.11 cents). In 2025, the gross profit margin of the Group was approximately 41.0% (2024: 35.8%), representing a year-on-year increase of approximately 14.5%, which serves as a testament to the Group’s operational performance. In 2025, the Company recorded a total revenue of approximately RMB189.4 million, representing a year-on-year decrease of

approximately 5.0% as compared to the total revenue of approximately RMB199.3 million in 2024, primarily due to the Company's business structural adjustments. Although the Group's total revenue decreased by approximately RMB9.9 million, the net loss for the year amounted to approximately RMB2.2 million (2024: a net loss for the year of approximately RMB63.3 million), representing an overall reduction in losses of approximately RMB61.1 million.

The improvement in the results for the Year was primarily attributable to the following factors: (i) the average spending per customer for our aesthetic medical services was approximately RMB3,800 in 2025, representing an increase of approximately 26.67% as compared to the average spending per customer of approximately RMB3,000 in 2024, resulting in a rise in revenue from our aesthetic medical services of approximately RMB10.8 million as compared to the previous year, with a corresponding increase in gross profit of approximately RMB19.6 million as compared to the previous year; (ii) two significant non-operating items of other expenses and other income totalling approximately RMB36.5 million were recorded in 2024, including provisions for goodwill impairment and intangible asset impairment (offset by related deferred tax) of approximately RMB54.9 million, and reversal of contingent consideration of approximately RMB18.4 million, whereas there were no such items in 2025; (iii) the Group's share option expenses decreased to approximately RMB1.8 million (2024: approximately RMB8.0 million); and (iv) the improvement in the Company's overall business profit margin also contributed to the improved results for 2025.

We have gradually moved forward with the following development planning and strategic layout:

1. Enhance the productivity of non-surgical procedure services rooms

Non-surgical aesthetic medical procedure refers to professional aesthetic treatments that do not involve incisions, typically performed using photoelectric methods and injections. Examples include botulinum toxin and hyaluronic acid, as well as photoelectric treatments such as photon skin rejuvenation and high-intensity focused ultrasound, which are also highly favored by today's consumers. Compared to surgical aesthetic medical services, light aesthetic medicine (non-surgical aesthetic medicine) is increasingly preferred by more and more consumers due to its high safety, short recovery time and affordable pricing. The Group will continue to introduce cutting-edge aesthetic medical technologies, equipment and medications, and will expand the investment in minimally-invasive aesthetic services and aesthetic dermatology services rooms, thereby strengthening our capabilities in non-surgical aesthetic medical services, improving the utilisation efficiency of our aesthetic medical service institutions, meeting consumers' dual requirements for aesthetic effect and comfort, and providing consumers with safer, more efficient and easily accessible aesthetic medical services. At the same time, we will also launch more products and services targeted at different skin types and different age groups to satisfy personalized needs.

The following table sets forth certain operating data of our aesthetic medical institutions as of 31 December 2025:

| Aesthetic medical institution | Date of establishment | Approximate gross floor area (sq.m.) | Number of services rooms |
|---|------------------------------|---|---------------------------------|
| Hangzhou Raily Aesthetic Medical Hospital Co., Ltd. (“ Hangzhou Raily ”) | August 2013 | 5,900 | 73 |
| Ruian Raily | March 2013 | 2,800 | 31 |
| Wuhu Raily | July 2015 | 2,900 | 38 |
| | | 11,600 | 142 |
| | Total | 11,600 | 142 |

2. Control costs and optimise personnel structure

We will regularly review and assess all costs and expenses, including employee salaries, promotion expenses, equipment maintenance and material procurement, and then come up with reasonable budgets. We will negotiate for more favourable procurement prices and payment terms and rationalise procurement plans to reduce inventory backlogs. We will conduct evaluations for each position to appropriately set workload and requirements, introduce AI management to minimise human resource wastage, and adjust the remuneration structure based on market conditions and individual performance to reasonably incentivize employees and lower labour costs. In addition, we will provide comprehensive training to employees to enhance their work skills and capabilities, promote the use of AI to improve work efficiency, and establish incentive mechanisms that offer corresponding rewards and promotion opportunities to stimulate employees’ motivation and initiative.

3. Expand diversified sales channels

Establishing diversified sales channels enables enterprises to expand market coverage, increase revenue streams, enhance customer experience and strengthen market competitiveness. In addition to continuing to utilize internet platforms to release product information, advertise through search engines, and interact with consumers via social media accounts to achieve precise marketing, we will also leverage third-party platforms for sales, strengthen cooperation with suppliers, distributors, agents, industry associations and organisations, and engage in joint marketing with other enterprises. We will also organise more promotional activities to jointly promote our products, and expand our sales channels and improve operational efficiency through resource integration and complementary advantages with partners. Furthermore, by monitoring market fluctuations and analysing data such as sales, customer conversion rates and customer satisfaction levels, we will gain insights into the strengths and weaknesses of each sales channel. This will enable us to optimise resource allocation, formulate appropriate targeted improvement measures for each channel, and achieve internal optimisation.

4. Optimise the R&D roadmap for aesthetic medical equipment products

Injectable aesthetic medical treatments, due to their relatively more noticeable effects, are more popular among consumers. Common types include hyaluronic acid, collagen, and regenerative products. Currently, the market share of collagen fillers remains relatively small, with limited brand competition, leaving significant room for growth. Suzhou Ruiquan Biosciences Co., Ltd. (“**Suzhou Ruiquan**”), a subsidiary of the Company, is dedicated to developing and producing subcutaneous injection products. Its factory covers an area of approximately 4,660 sq.m. and is expected to officially commence operations in 2028. We will enhance internal production efficiency, refine factory management systems, and accelerate the R&D and production planning of new products.

5. Expand the geographic coverage of aesthetic medical service institutions

In the face of intense market competition, in order to accelerate the broadening and deepening of the Group’s aesthetic medical footprint and further consolidate our leading position in the aesthetic medical market, we will continue to establish new medical institutions in first or second-tier cities, identify suitable medical institution targets for acquisition, and flexibly adjust our merger and acquisition strategy in response to changes in the economic landscape. We may consider acquiring suitable aesthetic medical institutions at reasonable costs, whilst also assessing the feasibility of establishing new medical institutions ourselves.

Details of the expansion can be found in the “Subsequent Events” section in this announcement. This investment enables the Group to extend its business coverage in Hong Kong while promoting its brand in Hong Kong. In the face of increasingly intense market competition, we proactively adjust the network strategy to enhance our core competitiveness. The development of network in Hong Kong represents an important strategy for us to achieve service transformation. Over the past two years, we have also reorganised the resources of aesthetic medical service institutions by consolidating all operations of institutions in Hangzhou into the flagship institutions of Hangzhou Raily for upgrading. This has reduced operating costs, optimised resource allocation, improved operational efficiency of stores and enhanced store image. We will continue to optimise our network layout and promote the flagship institution model to other cities, so as to strengthen our brand value.

The following is a summary of the consolidated statement of profit or loss and other comprehensive income:

| | Year ended 31 December | | Change % |
|---------------------------|------------------------|------------------------|-------------|
| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> | |
| Revenue | 189,411 | 199,342 | (5.0) |
| Gross profit | 77,711 | 71,407 | 8.8 |
| Profit/(loss) before tax | 10 | (65,257) | (100.0) |
| Loss for the year | (2,197) | (63,263) | (96.5) |
| Attributable to: | | | |
| Owners of the parent | 1,873 | (59,212) | (103.2) |
| Non-controlling interests | (4,070) | (4,051) | 0.5 |
| | (2,197) | (63,263) | (96.5) |

NON-INTERNATIONAL FINANCIAL REPORTING STANDARDS MEASURES

We recognised non-recurring items in the Year. To supplement our consolidated financial statements which are prepared in accordance with International Financial Reporting Standards (“IFRSs”), we also present adjusted profit before tax and adjusted profit for the year as non-IFRS measures.

We present these additional financial measures as these were used by our management to evaluate our financial performance by eliminating the loss on long-term equity investments and share option expenses, which are considered not indicative for the evaluation of the actual performance of our business. We believe that these non-IFRS measures provide additional information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as our management and in comparing our financial results across accounting periods and to those of our peer companies.

| | Year ended 31 December | | Change % |
|--|------------------------|------------------------|-------------|
| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> | |
| Profit/(loss) before tax | 10 | (65,257) | (100.0) |
| Loss for the year | (2,197) | (63,263) | (96.5) |
| Adjusted for: | | | |
| – Share option expenses | 1,823 | 7,984 | (77.2) |
| – Loss on investment in associates | 1,190 | 4 | 29,650.0 |
| – Impairment of goodwill | – | 38,672 | (100.0) |
| – Impairment of intangible assets | – | 21,703 | (100.0) |
| – Reversal of contingent consideration | – | (18,436) | (100.0) |
| Adjusted profit/(loss) before tax | 3,023 | (15,330) | (119.7) |
| Impact of impairment of intangible assets on deferred tax | – | (5,426) | (100.0) |
| Adjusted profit/(loss) for the year | 816 | (18,762) | (104.3) |

PRINCIPAL RISKS AND UNCERTAINTIES

- Medical liability insurance. During 2025, we did not maintain medical liability insurance for our aesthetic medical institutions, physicians (including both employed and contracted physicians) or medical staff, which may expose us to potential liability claims arising from medical malpractice committed by physicians or medical staff at our aesthetic medical institutions.
- Performance of our physicians and other medical staff. The treatment outcomes delivered by our physicians and medical staff, as well as their communication and relationships with our customers, are of paramount importance to our business development and operating results.
- Brand recognition. We must maintain and enhance our brand image over the long term. Our corporate development and sustainable business growth depend significantly on our brand image, market reputation and client trust.
- Development of the cities where our medical institutions are located. A decline in the per capita consumption or a slowdown in regional economic growth in the cities where our medical institutions are located, namely Hangzhou, Ruian, Wuhu and Hong Kong, could adversely affect our operating results and profitability; changes in laws and regulations in these regions, as well as the occurrence of natural disasters, act of God, infectious diseases or other catastrophic events, could affect our business operations and revenue.
- Foreign exchange risk. Our businesses involve three currencies – RMB, HKD, and USD. Fluctuations in exchange rates between these currencies may result in additional foreign exchange losses for us.
- Complaint risk. Customer complaints regarding our aesthetic medical services and after-sales complaints related to our aesthetic medical equipment products may lead to additional compensation liabilities.
- R&D risks. We have entered the R&D and production of aesthetic medical equipment products, which requires significant upfront investment in R&D. If the products fails to be developed, the initial investment might not yield the anticipated returns.
- The cost and timing of financing. Interest expense on bank loans and the ongoing availability of loans could affect the Company’s business development.
- International trade stability. Factors such as foreign trade policies, changes in the international landscape, tariffs and exchange rates are critical to the sales results of our aesthetic medical equipment products.
- Production cycle of the original manufacturer. Our sales of collagen injection products (Bellafill) are dependent on a single supplier, the original manufacturer is based in the United States. Any disruption or instability in the original manufacturer’s production could result in our inability to fulfil sales.

OUR CUSTOMERS AND CLIENTS

In 2025, the aesthetic medical service customers were primarily individual retail customers. Aesthetic medical institutions are clients for our aesthetic medical management consulting services whereas sales agents and individual retail customers are customers for our sales of aesthetic medical equipment products.

The following table sets forth the approximate number of aesthetic medical procedures we provided, the approximate average spending per procedure, the approximate number of active customers and the approximate average spending per active customer during the Year:

| | Year ended 31 December | |
|---|------------------------|---------|
| | 2025 | 2024 |
| Aesthetic surgery services | | |
| Number of procedures performed | 1,500 | 1,300 |
| Average spending per procedure ⁽¹⁾ (RMB) | 3,200 | 3,200 |
| Number of active customers | 1,000 | 900 |
| Average spending per active customer ⁽²⁾ (RMB) | 5,000 | 4,300 |
| Minimally-invasive aesthetic services | | |
| Number of procedures performed | 47,000 | 52,800 |
| Average spending per procedure ⁽¹⁾ (RMB) | 1,800 | 1,300 |
| Number of active customers | 15,900 | 14,900 |
| Average spending per active customer ⁽²⁾ (RMB) | 5,300 | 4,600 |
| Aesthetic dermatology services | | |
| Number of procedures performed ⁽³⁾ | 170,400 | 219,900 |
| Average spending per procedure ⁽¹⁾ (RMB) | 400 | 300 |
| Number of active customers | 23,700 | 32,200 |
| Average spending per active customer ⁽²⁾ (RMB) | 2,600 | 2,100 |

Notes:

- (1) We calculate the average spending per procedure by dividing the revenue of each type of aesthetic medical services by the relevant number of procedures performed during the Year.
- (2) We calculate the average spending per active customer by dividing the revenue of each type of aesthetic medical services by their relevant number of active customers during the Year.
- (3) The number of procedures performed includes trial procedures, retouch procedures and procedures performed as promotional gifts.

OUR SUPPLIERS

During 2025, the supplies required in our operations primarily include implants, injection materials, pharmaceuticals, other medical consumables and aesthetic medical skincare products. Our five largest suppliers include suppliers of injection materials, implants and medical consumables. During 2025, in addition to Suneva Medical, Inc., which has established business relationship with us for two years, we have established good relationships with our other major suppliers over the years.

FINANCIAL REVIEW

Revenue

The following table sets forth our revenue by service offerings in 2025:

| | Year ended 31 December | | | | Change % |
|---|---------------------------|----------------------------|---------------------------|----------------------------|-------------|
| | 2025 | | 2024 | | |
| | Revenue <i>RMB'000</i> | % of total revenue % | Revenue <i>RMB'000</i> | % of total revenue % | |
| Aesthetic medical services | 152,909 | 80.7 | 142,097 | 71.3 | 7.6 |
| Minimally-invasive aesthetic services | 84,511 | 44.6 | 68,459 | 34.4 | 23.4 |
| Aesthetic dermatology services | 62,340 | 32.9 | 68,075 | 34.2 | (8.4) |
| Aesthetic surgery services | 4,822 | 2.5 | 4,068 | 2.0 | 18.5 |
| Others <i>(Note)</i> | 1,236 | 0.7 | 1,495 | 0.7 | (17.3) |
| Sales of aesthetic medical equipment products | 32,832 | 17.3 | 57,216 | 28.7 | (42.6) |
| Aesthetic medical management consulting services | 3,670 | 2.0 | 29 | – | 12,555.2 |
| | 189,411 | 100.0 | 199,342 | 100.0 | (5.0) |

Note: Others primarily consist of aesthetic dental services and ancillary services such as anesthesiology services, nursing services for inpatients and physical examination services.

We generated revenue primarily from the sales of aesthetic medical equipment products and the provision of aesthetic medical services. Aesthetic medical equipment products comprise principally (i) collagen injection products (Bellafill); and (ii) aesthetic medical skincare products. Bellafill, a Class III medical device product approved by the National Medical Products Administration (“NMPA”) with the registration certificate number “Guo Xie Zhu Jin 20243130041 (國械註進 20243130041)” and the official name “Collagen and PMMA Subdermal Implant System for Plastic Surgery”, is designed for injection into the deep dermis to correct moderate to severe nasolabial folds.

Aesthetic medical services primarily include (i) minimally-invasive aesthetic services, which involve minimal penetration into the body tissue with no surgical incisions; (ii) aesthetic dermatology services, which primarily comprise aesthetic energy-based procedures performed with equipment that utilize various forms of energy such as laser, radiofrequency and intense pulsed light for various purposes such as acne and pigments removal, skin rejuvenation, skin lifting and tightening, and hair removal; and (iii) aesthetic surgery services, which are invasive and are performed to alter the appearance of various parts of the face or body, such as eyes, nose, face and breast.

In 2025, our total revenue was approximately RMB189.4 million, representing a decrease of approximately 5.0% from approximately RMB199.3 million in 2024. For the Year, our revenue from the aesthetic medical services was approximately RMB152.9 million, representing an increase of approximately 7.6% from approximately RMB142.1 million of the revenue from aesthetic medical services in 2024.

In 2025, our revenue from the minimally-invasive aesthetic services was approximately RMB84.5 million, representing an increase of approximately 23.4% from approximately RMB68.5 million of the revenue from the minimally-invasive aesthetic services in 2024. The increase was mainly attributable to the increase in the number of active customers for minimally-invasive aesthetic services and the increase in average spending of active customers.

In 2025, our revenue from the aesthetic dermatology services was approximately RMB62.3 million, representing a decrease of approximately 8.4% from approximately RMB68.1 million of the revenue from the aesthetic dermatology services in 2024. The decrease was mainly attributable to the decrease in the number of active customers for aesthetic dermatology services.

In 2025, our revenue from the aesthetic surgery services was approximately RMB4.8 million, representing an increase of approximately RMB0.7 million from approximately RMB4.1 million of the revenue from the aesthetic surgery services in 2024.

In 2025, our revenue from the sales of aesthetic medical equipment products was approximately RMB32.8 million, representing a decrease of approximately RMB24.4 million from approximately RMB57.2 million of the revenue from sales of aesthetic medical equipment products in 2024. The decrease was primarily attributable to the adjustments in our product mix and the time required to market new products.

In 2025, our revenue from aesthetic medical management consulting services was approximately RMB3.7 million, representing a substantial increase from the revenue from aesthetic medical management consulting services in 2024. The increase was mainly driven by higher revenue from marketing and promotion services provided to customers for the sales of aesthetic medical equipment products, reflecting effective market development efforts.

COST OF SALES

Our cost of sales mainly includes cost of supplies consumed, cost of inventories sold, and staff costs. In 2025, our cost of sales was approximately RMB111.7 million, representing a decrease of about 12.7% from approximately RMB127.9 million of cost of sales in 2024. The change was primarily attributable to adjustments in the product mix of our aesthetic medical equipment, as sales volumes of new products were still ramping up and required more time for promotion, leading to a decrease in cost of inventories sold. In addition, the gross profit margin on aesthetic medical services increased by approximately 46.8% as compared to the previous year, while cost of supplies consumed decreased.

Our cost of sales by nature is as follows:

| | Year ended 31 December | | | | Change % |
|---------------------------|------------------------|---------------------|----------------|--------------|---------------|
| | 2025 | | 2024 | | |
| | <i>RMB'000</i> | % | <i>RMB'000</i> | % | |
| Cost of supplies consumed | 61,290 | 54.9 | 65,611 | 51.2 | (6.6) |
| Staff costs | 26,788 | 24.0 | 28,082 | 22.0 | (4.6) |
| Cost of inventories sold | 10,983 | 9.8 | 19,447 | 15.2 | (43.5) |
| Others | 12,639 | 11.3 | 14,795 | 11.6 | (14.6) |
| | <u>111,700</u> | <u>100.0</u> | <u>127,935</u> | <u>100.0</u> | <u>(12.7)</u> |

Cost of supplies consumed was the largest component of cost of sales in 2025, which included the cost of our medical consumables which mainly represents implants and auxiliary materials used in our aesthetic surgery services, hyaluronic acid, collagen and regenerative products used in our minimally-invasive aesthetic services, laser consumables and auxiliary materials and aesthetic medical equipment products used in our aesthetic dermatology services.

Staff costs were the second largest component of our cost of sales in 2025, which mainly represent salaries and bonuses paid to our physicians and medical staff. All our aesthetic surgery services, minimally-invasive aesthetic services and aesthetic dermatology procedures are performed by qualified personnels with necessary clinical work experience in accordance with the relevant PRC laws and regulations.

Cost of inventories sold was the main cost of the business of sales of aesthetic medical equipment products, mainly representing the procurement costs of collagen injection products (Bellafill) and aesthetic medical skincare products.

Other cost of sales mainly includes rental, depreciation and the transportation expenses for medical equipment and beauty products.

GROSS PROFIT

In 2025, our gross profit amounted to approximately RMB77.7 million, representing an increase of approximately 8.8% from approximately RMB71.4 million of the gross profit in 2024. During 2025, our gross profit margin was approximately 41%, representing an increase of approximately 14.5% from approximately 35.8% of the gross profit margin in 2024.

The following table sets forth our gross profit and gross profit margin by service offered in 2025:

| | Year ended 31 December | | | | | |
|---|----------------------------|--------------------------------|----------------------------|--------------------------------|--------------------------------|--|
| | 2025 | | 2024 | | | |
| | Gross profit RMB'000 | Gross profit margin % | Gross profit RMB'000 | Gross profit margin % | Change in gross profit % | Change in gross profit margin % |
| Aesthetic medical services | 53,245 | 34.8 | 33,667 | 23.7 | 58.2 | 46.8 |
| Minimally-invasive aesthetic services | 38,135 | 45.1 | 20,949 | 30.6 | 82.0 | 47.4 |
| Aesthetic dermatology services | 20,915 | 33.5 | 20,011 | 29.4 | 4.5 | 13.9 |
| Aesthetic surgery services | (2,752) | (57.1) | (3,427) | (84.2) | (19.7) | (32.2) |
| Others <i>(Note)</i> | (3,053) | (247.0) | (3,866) | (258.6) | (21.0) | (4.5) |
| Sales of aesthetic medical equipment products | 21,934 | 66.8 | 37,711 | 65.9 | (41.8) | 1.4 |
| Aesthetic medical management consulting services | 2,532 | 69.0 | 29 | 100.0 | 8,631.0 | (31.0) |
| | 77,711 | 41.0 | 71,407 | 35.8 | 8.8 | 14.5 |

Note: Others primarily consist of aesthetic dental services and ancillary services such as anesthesiology services, nursing services for inpatients and physical examination services.

In 2025, the total gross profit and total gross profit margin of our aesthetic medical services were approximately RMB53.2 million and 34.8%, respectively, representing an increase of approximately 58.2% and 46.8% compared with the total gross profit and total gross profit margin of approximately RMB33.7 million and 23.7% in 2024.

In 2025, the gross profit and gross profit margin of our minimally-invasive aesthetic services were approximately RMB38.1 million and 45.1%, respectively, representing an increase of approximately 82.0% and 47.4% compared with the gross profit and gross profit margin of approximately RMB20.9 million and 30.6% in 2024. The primary reasons for these increases were as follows: (i) the average revenue per customer for our minimally-invasive aesthetic services was approximately RMB5,300 in the Year, representing an increase of approximately 15.2% as compared to the previous year; (ii) the number of customers increased from approximately 14,900 in the previous year to approximately 15,900 in the Year; (iii) the Company improved its marketing strategy by placing greater emphasis on precision sales to customers, thereby enhancing sales efficiency per customer; and (iv) the Company's upstream deployment achieved a synergistic effect with our minimally-invasive aesthetic services.

In 2025, the gross profit and gross profit margin of our aesthetic dermatology services were approximately RMB20.9 million and 33.5%, respectively, representing an increase of approximately 4.5% and 13.9% compared with the gross profit and the gross profit margin of approximately RMB20.0 million and 29.4% in 2024. The primary reasons for these increases were as follows: (i) the average revenue per customer for our aesthetic dermatology services in the Year was approximately RMB2,600, representing an increase of approximately 23.8% as compared to the previous year; and (ii) the new equipment products and new projects launched by the Company contributed to the growth in the gross profit margin.

In 2025, the gross profit and gross profit margin of our aesthetic surgery services were approximately RMB(2.8) million and (57.1)%, respectively, representing a decrease of approximately 19.7% and 32.2% compared with the gross profit and gross profit margin of approximately RMB(3.4) million and (84.2)% in 2024. The primary reason for these decreases was that the Company continued to reduce the costs of our aesthetic surgery services, leading to a decline in gross loss.

In 2025, the total gross profit and total gross profit margin of our sales of aesthetic medical equipment products were approximately RMB21.9 million and 66.8%, respectively, representing a decrease of approximately 41.8% and an increase of approximately 1.4% compared with the total gross profit and total gross profit margin of approximately RMB37.7 million and 65.9% in 2024. The decrease in gross profit was primarily attributable to the decline in revenue from the sales of aesthetic medical equipment products.

Taking into account the combined impact of our segments, our gross profit margin for the Year was approximately 41.0%, representing an increase of approximately 14.5% compared with the gross profit margin of approximately 35.8% in 2024.

OTHER INCOME AND GAINS

In 2025, our other income and gains amounted to approximately RMB2.3 million, representing a decrease of approximately 88.7% from approximately RMB20.3 million in 2024. Such decrease was mainly attributable to the decrease in gains on contingent consideration.

SELLING AND DISTRIBUTION EXPENSES

Our selling and distribution expenses primarily comprised of promotion and marketing expenses and staff costs. In 2025, our selling and distribution expenses amounted to approximately RMB37.8 million, representing a decrease of approximately 20.8% from approximately RMB47.7 million in 2024. The decrease was mainly attributable to the structural adjustments to our medical equipment products, which resulted in a decrease in market investment and share option expenses.

ADMINISTRATIVE EXPENSES

Our administrative expenses primarily comprised of intermediary team service expenses, staff costs, rental related expenses, utility, depreciation expenses and other administrative office expenses. In 2025, our administrative expenses amounted to approximately RMB31.3 million, representing a decrease of approximately 25.1% from approximately RMB41.8 million in 2024. The decrease of expenses was primarily attributable to the decrease in share option expenses and intermediary team service expenses, together with lower rental related expenses resulting from a decrease in the managed operational space.

FINANCE COSTS

Our finance costs primarily comprised of interest on lease liabilities and interest on borrowings. In 2025, our finance costs amounted to approximately RMB2.7 million (2024: RMB2.8 million).

INCOME TAX EXPENSE/CREDIT

Our income tax expense/credit represented our total current income tax and deferred tax expense/credit under the relevant PRC income tax policies and regulations. We recorded income tax expense of approximately RMB2.2 million in 2025 (2024: income tax credit of RMB2.0 million), mainly due to an increase in current income tax arising from higher profitability.

TOTAL COMPREHENSIVE LOSS FOR THE YEAR

We recorded a loss of approximately RMB2.2 million in 2025 (2024: loss of RMB63.3 million). Among them, loss on investment in associates and share option expenses in total in 2025 amounted to approximately RMB3.0 million (2024: the impairment of non-current assets, offset by related deferred tax, reversal of contingent consideration, loss on investment in associates, and share option expenses in total of approximately RMB44.5 million). Excluding these factors, the adjusted net profit under the non-IFRS measures was approximately RMB0.8 million (2024: the adjusted net loss under the non-IFRS measures of approximately RMB18.8 million).

LIQUIDITY AND CAPITAL RESOURCES

Our cash and bank balances and time deposits amounted to approximately RMB57.8 million as at 31 December 2025 (31 December 2024: RMB28.9 million). Our net current liabilities were approximately RMB29.2 million as at 31 December 2025 (31 December 2024: net current liabilities of RMB33.2 million). Taking into account the financial resources available to the Group, including cash and cash equivalents on hand, cash generated from operating activities and available facilities of the Group, and the net proceeds from the issuance of ordinary shares relating to the initial public offering, and after diligent and careful investigation, the Directors are of the view that the Group has sufficient working capital required for the Group's operations at present. As at 31 December 2025, our Group has unutilised banking facilities of approximately RMB8.0 million (31 December 2024: RMB13.0 million) for working capital purposes.

LEASE LIABILITIES

As at 31 December 2025, the Group had lease liabilities of approximately RMB37.7 million (31 December 2024: RMB35.6 million).

COMMITMENTS

As at 31 December 2025, the Group had no contracted, but not provided for commitments (31 December 2024: Nil).

CAPITAL EXPENDITURES

During 2025, the Group purchased long-term asset amounting to approximately RMB12.1 million (2024: RMB44.6 million).

INDEBTEDNESS

Interest-bearing Bank Borrowings

As at 31 December 2025, our Group had approximately RMB18.0 million outstanding interest-bearing bank borrowings (31 December 2024: RMB13.0 million), of which RMB18.0 million are at fixed interest rates (31 December 2024: RMB13.0 million).

As at 31 December 2025, all the bank borrowings are repayable within one year and all the borrowings are denominated in RMB.

Secured Loans

As at 31 December 2025, our Group had approximately RMB3.5 million outstanding secured loans (31 December 2024: RMB7.8 million), of which RMB3.5 million are at fixed interest rates (31 December 2024: RMB7.8 million).

As at 31 December 2025, secured loans of RMB3.5 million are repayable within one year. All the borrowings are denominated in RMB.

Contingent Liabilities and Guarantees

As at 31 December 2025, our Group had no significant contingent liabilities and guarantees (31 December 2024: Nil).

PLEDGE OF ASSETS

As at 31 December 2025, the lease arrangements were secured by the Group's pledged deposits of RMB1.5 million (31 December 2024: lease arrangements secured by the Group's pledged deposits of RMB1.5 million).

As at 31 December 2025, secured loans were secured by the Group's mortgages over the Group's machinery equipment, which had a net carrying value at the end of the reporting period of approximately RMB0.8 million (31 December 2024: RMB1.8 million).

TOTAL LIABILITIES TO NET ASSETS

Total liabilities to net assets is calculated by dividing total liabilities by net assets as at 31 December 2025 and multiplying the result by 100%. As at 31 December 2025, the Group had total liabilities of approximately RMB139.4 million (31 December 2024: RMB154.4 million) and the total liabilities to net assets is about 141.8% (31 December 2024: 161.7%).

INTEREST RATE RISK

The Group has no significant interest rate risk as all of its borrowings bore interest at fixed rates.

EXCHANGE RATE FLUCTUATION RISK

As we have deposited with licensed banks certain financial assets that are denominated in Hong Kong dollars, we may be exposed to the risk of exchange rate fluctuations between Hong Kong dollars and Renminbi. The Group currently does not have a foreign currency hedging policy. However, the management will monitor foreign exchange exposure closely and will consider to adopt a proactive but prudent approach to minimize the relevant exposure when necessary.

Treasury Policies

The Group adopts a prudent approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluations of the financial conditions of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the "Subsequent Events" section in this announcement, the Group did not have plans for making material investments or acquiring capital assets as at 31 December 2025.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2025, we had 264 employees in the PRC (31 December 2024: 290).

| Function | Number of Employees | |
|---|---------------------|---------------------|
| | 31 December 2025 | 31 December 2024 |
| Management | 7 | 6 |
| Physicians and medical staff | 101 | 121 |
| Sales, marketing, client service and other business staff | 117 | 128 |
| Finance and administration staff | 39 | 35 |
| Total | <u>264</u> | <u>290</u> |

During the Year, our staff costs amounted to approximately RMB58.6 million, the share option expenses amounted to approximately RMB1.8 million, and the total staff costs amounted to approximately RMB60.4 million, representing a decrease of approximately RMB6.3 million as compared to the total staff costs of approximately RMB66.7 million in 2024, accounting for approximately 31.9% of the total revenue in 2025 (2024: 33.5%).

We believe that we provide our physicians and medical staff with competitive compensation packages, continued medical education opportunities and a professional work environment. We review the performance of our physicians and medical staff at least once a year. According to our internal control policy, the results of such reviews will later be taken into consideration in the determination of salary, bonus awards and promotion. The human resources department at our headquarters maintains the license records of our physicians and medical staff and regularly reviews their profile to ensure compliance with relevant laws and regulations in the PRC. Our Directors' remuneration will be reviewed by the remuneration committee of the Company once a year to ensure that it is comparable to the market.

Remuneration of our employees is determined based on factors such as comparable market salaries, work performance, time investment and the individual responsibilities. The Company provides employees with relevant internal and/or external training from time to time. In addition to basic salaries, the Company also provides year-end bonuses to outstanding employees in order to attract and retain qualified employees, so that they can contribute to the Group.

The employees of the Group in the PRC are required to participate in a central pension scheme operated by local municipal government. The Group is required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions vest fully once made and are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

During the Year, there were no forfeited contributions (by the Group on behalf of employees who leave the pension scheme prior to vesting fully in such contributions) which has been utilised by the Group to reduce the existing level of contributions. At 31 December 2025, there were no forfeited contributions available to reduce the level of contributions to the pension schemes in future years.

USE OF PROCEEDS

The Company was successfully listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 28 December 2020 (the “**Listing**”). The net proceeds from the Listing (including exercise of over-allotment options and after deducting the underwriting fees, commission and all related expenses in connection with the Listing) amounted to approximately HK\$81.7 million (the “**Net Proceeds**”), which was based on the issuing price of HK\$0.4 per share and the actual expenses related to the Listing. The Net Proceeds were used and intended to be utilised in the manner as disclosed in the section headed “Future Plans and Use of Proceeds” in the prospectus of the Company dated 15 December 2020. As at 31 December 2025, details of the use of Net Proceeds and the expected timeline for utilising the unutilised Net Proceeds are as follows:

| Purpose | Percentage to total amount | Planned use of net proceeds <i>HK\$'million</i> | Actual use of proceeds up to 31 December 2025 <i>HK\$'million</i> | Unutilised amount as at 31 December 2025 <i>HK\$'million</i> | Expected timeline of full utilisation of the remaining proceeds |
|---|----------------------------|--|--|---|---|
| Expanding our aesthetic medical institutions network | 71.0% | 58.0 | 49.6 | 8.4 | 31 December 2025 |
| – Renovation and expansion of existing aesthetic medical institutions | 28.0% | 22.9 | 22.9 | – | |
| – Organic growth | 28.0% | 22.9 | 14.5 | 8.4 | 31 December 2025 |
| – Strategic acquisitions | 15.0% | 12.2 | 12.2 | – | |
| Acquire new aesthetic medical service equipment and treatment consumables to extend the spectrum of our treatment services offered in our current aesthetic medical institutions | 11.0% | 9.0 | 9.0 | – | |
| Actively promote our brand | 8.0% | 6.5 | 6.5 | – | |
| General working capital | 10.0% | 8.2 | 8.2 | – | |
| Total | 100.0% | 81.7 | 73.3 | 8.4 | |

After assessing the current market condition, the Board is of the view that it may not be the best option to utilise the Net Proceeds for organic growth. Originally, it is believed that establishing an aesthetic medical hospital in Shanghai City can boost client's confidence, enhance brand influence and further reinforce the Company's corporate profile, which in turn allows the Company to further attract clients and expand its business in China. However, COVID-19 during the aforesaid period has impacted the aesthetical industry in Shanghai City resulting in limited business opportunity and growth. As of 31 December 2025, the aesthetical market conditions in Shanghai City remain weak, and no suitable aesthetic medical institution was identified in Shanghai City. In addition, it is crucial and necessary to ensure sufficient working capital is available for the Company's existing operations. Therefore, to better utilise the financial resources, on 2 January 2026, the Board resolved to extend the expected timeline for utilising the unutilised Net Proceeds amounted to approximately HK\$8.4 million (the "**Unutilised Net Proceeds**") from on or before 31 December 2025 to on or before 31 December 2026 and change the use of the Unutilised Net Proceeds to the general working capital to allow the Company to utilise its financial resources in a more flexible, beneficial and effective way and meet its operational needs and provide more buffer to cope with the economic uncertainties in the future.

As at the date of this announcement, HK\$8.4 million out of the Unutilised Net Proceeds remains unutilised, while other proceeds have been fully utilised.

On 26 February 2024, the Company proposed to raise gross proceeds of up to approximately HK\$20.8 million before expenses, by way of rights issue, by issuing up to 140,728,521 rights shares (the "**Rights Shares**") (assuming no further issue or repurchase of shares of the Company on or before 28 March 2024 (the "**Record Date**"), other than the full exercise of the exercisable share options of the Company and all the Rights Shares will be taken up and without taking into account the proceeds from the exercise of the exercisable share options of the Company) with an aggregate nominal value of approximately HK\$54.8 million at the subscription price of HK\$0.148 per Rights Share (net price of HK\$0.138 per Rights Share) on the basis of one (1) Rights Share for every three (3) consolidated shares held by the qualifying Shareholders at the close of business on the Record Date (the "**Rights Issue**"). The Rights Issue became effective on 25 April 2024. The Company issued and allotted 139,269,333 new shares pursuant to the Rights Issue. In view of the Group's business expansion plans and the unsatisfactory financial performance over the past few years due to the COVID-19 pandemic, the Directors consider that it is commercially reasonable and justifiable to obtain external financing to develop and expand its business with a view to achieving improvement of the Group's financial performance and future business prospects.

The gross proceeds from the Rights Issue are approximately HK\$20.6 million and the net proceeds from the Rights Issue after expenses are approximately HK\$19.0 million. As at the date of this announcement, HK\$7.6 million out of the net proceeds remains unutilised.

The following table sets forth a summary of the utilisation of the net proceeds from the Rights Issue as at 31 December 2025:

| Purpose | Percentage to total amount | Planned use of net proceeds <i>HK\$'million</i> | Actual use of proceeds up to 31 December 2025 <i>HK\$'million</i> | Unutilised amount as at 31 December 2025 <i>HK\$'million</i> | Expected timeline of full utilisation of the remaining proceeds |
|---|----------------------------|--|--|---|---|
| Acquisition of equipment and raw materials necessary to initiate the manufacturing process | 50.0% | 9.5 | 9.5 | - | |
| Registration filing of aesthetic medical equipment products with the NMPA, including clinical trials which are integral to the registration process | 40.0% | 7.6 | - | 7.6 | 31 March 2026 |
| General working capital | 10.0% | 1.9 | 1.9 | - | |
| Total | 100.0% | 19.0 | 11.4 | 7.6 | |

EVENTS DURING THE REPORTING PERIOD

On 7 March 2025 (after trading hours), Suzhou Ruiquan, an indirect non wholly-owned subsidiary of the Company, and Suzhou Maidi Jinggang Technology Co., Ltd. (“**Suzhou Maidi**”), entered into an agreement (the “**Agreement**”), pursuant to which Suzhou Ruiquan agreed to acquire and Suzhou Maidi agreed to sell, the property situated at Units 101, 201, 301, 401, Building 7, 26 Jinxing Road, Jinfeng Town, Zhangjiagang, Suzhou, Jiangsu Province, PRC with a gross floor area of approximately 4,660.22 sq.m. at the consideration of RMB21,437,012. The Agreement has been approved by the Shareholders on the annual general meeting of the Company held on 30 May 2025. The consideration was funded by the Group’s internal resources and external financing. For details, please refer to the Company’s announcements dated 7 March 2025, 17 April 2025, 24 April 2025 and 30 May 2025 and the circulars of the Company dated 24 April 2025.

On 4 July 2025, a number of investors entered into the investment agreement (the “**Investment Agreement**”) with Hangzhou Raily and Hainan Beilifeier Out-patient Department Co., Ltd. (“**Hainan Beilifeier**”), pursuant to which: (i) the first investor agreed to subscribe RMB715,000 of the equity interest in Hainan Beilifeier, and the second investor agreed to subscribe RMB4,290,000 of the equity interest in Hainan Beilifeier. Upon completion of the capital injection of RMB5,005,000 by the investors to Hainan Beilifeier (the “**Capital Injection**”), the equity interest in Hainan Beilifeier held by the first investor and the second investor would be 7.14% and 42.88%, respectively, and Hangzhou Raily’s equity interest in Hainan Beilifeier would be changed from 100.00% to 49.98%; and (ii) Hangzhou Raily agreed to reduce registered capital of RMB2,855,000 in Hainan Beilifeier to reduce the accumulated loss for previous years (the “**Capital Reduction**”). Upon completion of the Capital Reduction, the equity interest in Hainan Beilifeier held by Hangzhou Raily would be further changed from 49.98% to 30.00%, and the equity interest in Hainan Beilifeier held by the first investor and the second investor would be changed to 10.00% and 60.00%, respectively. As the Company’s interest in Hainan Beilifeier would decrease from

100.00% to 30.00% upon completion of the Capital Injection and the Capital Reduction, the transactions contemplated under the Investment Agreement constitute a deemed disposal of equity interest in Hainan Beilifeier under Rule 14.29 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange. For details, please refer to the Company’s announcement dated 4 July 2025.

As Hangzhou Beilifeier Biopharmaceutical Co., Ltd. (“**Hangzhou Beilifeier**”) decides to have strategic focus on the business of the sales of aesthetic medical equipment products and plans to apply for the medical device business licence, and the business of aesthetic medical services together with the medical practice licence of Hangzhou Beilifeier has been ceased by the Company in accordance with PRC laws and regulations, the restrictions on foreign ownership in the business of providing aesthetic medical services are no longer applicable to Hangzhou Beilifeier. On 15 August 2025, Hangzhou Beilifeier, Hangzhou Raily Beauty Consultation Co., Ltd. (“**Raily Beauty Consultation**”) and Mr. Fu Haishu have entered into agreements to (i) transfer all equity interests held by Mr. Fu Haishu in Hangzhou Beilifeier to Raily Beauty Consultation; and (ii) unwind the agreements entered into by Hangzhou Beilifeier, Raily Beauty Consultation and Mr. Fu Haishu on 1 January 2019, comprising the business cooperation agreement, the exclusive option agreement, the equity pledge agreement and the voting rights proxy agreement. For details, please refer to the Company’s announcement dated 15 August 2025.

SUBSEQUENT EVENTS

On 2 January 2026, the Board resolved to update the expected timeline for utilising the Unutilised Net Proceeds from the Listing from on or before 31 December 2025 to on or before 31 December 2026 and change the use of the Unutilised Net Proceeds to the general working capital to allow the Company to utilise its financial resources in a more flexible, beneficial and effective way and meet its operational needs and provide more buffer to cope with the economic uncertainties in the future. For details, please refer to the Company’s announcement dated 2 January 2026.

On 6 January 2026 (after trading hours), Miusee Beauty Group Limited (“**Miusee Beauty**”), Raily Aesthetics Limited (the “**First Investor**”), Biff Co., Limited (the “**Second Investor**”, together with the First Investor, the “**Investors**”), Raily Medical Limited, HongKong Fanxi Information Service Limited and Raily Aesthetic Medical Limited (the “**Target Company**”) entered into a subscription agreement (the “**Subscription Agreement**”), pursuant to which (i) the First Investor agreed to subscribe for, and Miusee Beauty and the Target Company agreed to issue to the First Investor, an aggregate of 170,000 shares at the subscription price of HK\$2,550,000; and (ii) the Second Investor agreed to subscribe for, and Miusee Beauty and the Target Company agreed to issue to the Second Investor, an aggregate of 63,335 shares at the subscription price of HK\$950,000, subject to the terms and conditions set out in the Subscription Agreement. Upon completion, Miusee Beauty, the First Investor and the Second Investor will hold 30.0%, 51.0% and 19.0% of the Target Company’s shares, respectively. For details, please refer to the Company’s announcement dated 6 January 2026.

Save as disclosed above, there has been no significant event which occurred after the Year and up to the date of this announcement.

PROSPECTS

With the improvement in people's living standards and an increasingly strong pursuit of beauty, medical aesthetics is no longer a niche choice but has gradually become part of daily life for the general public. China's aesthetic medical industry remains in a phase of expansion and adjustment. Non-surgical aesthetic services projects, characterized by their low invasiveness and high convenience, have emerged as the primary engine of market growth. In particular, anti-aging procedures have become the core driver of medical aesthetics consumption. Technological innovation and diversified consumer demands are collectively reshaping the industry's new landscape. We plan to prioritise the development of non-surgical aesthetic medical services and products, increase investment in technology and research, expand the geographic coverage of aesthetic medical service institutions, and make more efforts in the sales, R&D and production of Class III aesthetic medical equipment products.

DIVIDEND

The Board resolved not to declare any final dividend for 2025 (2024: Nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During 2025, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities (including sale of treasury shares of the Company) of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as the code of conduct for securities transactions by the Directors.

The Company has made specific enquiries with all Directors, and all Directors have confirmed that they have complied with the required standards as set out in the Model Code during the Year.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to principles of good corporate governance consistent with prudent management and enhancement of shareholder value, which emphasise transparency, accountability and independence.

The Company has adopted the code provisions as set out in Part 2 of the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Listing Rules.

During the Year, the Company has complied with all applicable code provisions in the CG Code.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to its existing Shareholders.

AUDIT COMMITTEE

The composition of the audit committee of the Company (the “**Audit Committee**”) is as follows:

Independent non-executive Directors

Mr. Liu Teng (*Chairman*)

Mr. Cao Dequan

Ms. Yang Xiaofen

The Board has established the Audit Committee with written terms of reference in compliance with Rule 3.22 of the Listing Rules and paragraph D.3 of the CG Code. The primary duties of the Audit Committee are to provide oversight of the financial reporting process, the audit process, the mechanism of internal control and compliance with laws and regulations, appointment of external auditors and perform further duties and responsibilities as assigned by our Board from time to time.

The Audit Committee has reviewed and approved the annual results of the Group for the Year prior to approval by the Board, which was of the view that the preparation of such annual results have complied with the requirements of the applicable accounting standards, the Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

The Audit Committee has recommended to the Board the re-appointment of Ernst and Young, Certified Public Accountants, as auditor of the Company and the Company will propose a resolution for the re-appointment of Ernst & Young as the Company’s auditor at the forthcoming annual general meeting of the Company.

2026 ANNUAL GENERAL MEETING

The annual general meeting of the Company (the “**2026 AGM**”) will be held on Friday, 26 June 2026. A notice convening the 2026 AGM will be published and dispatched to the Shareholders in the manner required by the Listing Rules in due course.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 23 June 2026 to Friday, 26 June 2026, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend and vote at the 2026 AGM. To be eligible for attending and voting at the 2026 AGM, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company’s Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on Monday, 22 June 2026.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the Company's website (<http://www.raily.com>) and the Stock Exchange's website (<https://www.hkexnews.hk>). The annual report of the Company for the Year containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the aforementioned websites in due course in accordance with the Listing Rules.

By Order of the Board of
Raily Aesthetic Medicine International Holdings Limited
Fu Haishu
Chairman

Hangzhou, China, 27 March 2026

As at the date of this announcement, the Board comprises Mr. Fu Haishu, Mr. Song Jianliang and Mr. Wang Ying as Executive Directors; and Mr. Cao Dequan, Ms. Yang Xiaofen and Mr. Liu Teng as Independent Non-executive Directors.